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Poverty, Politics and the Socially Marginalised – a state level analysis in India

Introduction:

In India, poverty is measured based on the monthly per capita expenditure. Thus to be get rid of poverty house hold needs to increase the consumption expenditure. Now the consumption expenditure of a house hold largely depends on the income or the wealth of that household and the level of income by a large depend on the education & skills, ownership of land and capita etc. Historically in India, individual occupation has been strictly caste linked and occupational mobility across caste groups was prohibited. Furthermore, economic rights, such as rights to ownership of land and capital, rights to buy and sell in the markets were reserved for some castes, while being denied to the rest. The same holds true for education and skill attainment. In fact these rights were graded, which meant that all rights were available to the highest caste and access to them got progressively lessened as one moved down the social hierarchy. This implied that the lowest caste, the untouchables (the Scheduled Castes) received no rights what so ever. In this scenario it was quite certain that an individual belongs to SC should be poor. Unlike the SC, the ethnic minorities (Scheduled Tribes) too have suffered from historic exclusion due to their geographic isolation and cultural differences. Thus the fruits of development did not reached to them and their society became tradition, under developed and stagnant. The Constitution of India ensured that special provisions were made in the very beginning of the planning period for integrated socioeconomic development. Accordingly, in addition to the general reservation based development schemes, Special Component Plans (SCP) for SCs and Tribal. Sub-Plans (TSP) for STs were formulated to ensure that outlays and benefits flow to SCs and STs at least in proportion to their population in physical and financial terms and place them in the mainstream development process with other citizens of India. In spite of making all these efforts for the socially marginalized the SCs/STs households faced multiple disadvantages compare to the advanced social groups specifically in the remote rural areas in terms of access to education, productive assets, institutional credits etc (Biradar & Jayasheela, 2007). Furthermore it has been argued by the researchers that the socially marginalized groups SCs and STs are deprived or impoverished not only because of their low endowment of social

capital such as education, less holding of capital assets such as agricultural land etc but also the rate of return of these factors are low for the socially marginalized groups relative to that of the others. Thus the differences exist among different social groups not only in terms of holding the assets but also on the returns (Mutatkar, 2005; Borooah, Diwakar and Others, 2015).

As it has been argued, the poverty is the result of the failure of consumption, endowment, production and exchange. Furthermore these failures tend to combine and reinforce each other and force the poor and the non-poor (resided just above poverty line) into poverty (Sen, 1981). For the socially marginalized, the root causes of these failures are exclusion from the main stream development process and deprivation of its benefits for long decades. Now the policies and implementation of these policies of Government is very much responsible for the improving the situation of these marginalized social groups. The poor and faulty policies can force the socially marginalized into deep poverty and worsen the gap (Rajasekhar, 2004). Thus it could be said that to reduce poverty, specifically for the socially marginalized, the role of the Government cannot be ignored. Now it is quite evident, at least in India, that the activities of the Government are mostly influenced by the political party or combination of political parties are in the Government. Variation in the nature of the political rule can lead to differential effectiveness in the pursuit of the anti-poverty programmes. In fact being a federal Government, the states play a significant role in formulation and execution of agrarian policies and have the subsidiary role to execute some anti poverty programmes, aided by the centre. Hence, they have a significant role in rural poverty reduction. Thus the variations in the political rule at the state level allow us to make a comparative analysis among the different political ideas or regime in alleviation of poverty among the socially marginalized in rural India.

Poverty and Politics:

Looking at the international scenario it has been found that the left political factors channeled through the welfare states do have a significant impact on the poverty reduction (Brady, 2003; Brady et al, 2009). In the Indian situation **Kohli (1987)**, comparing the three

distinct state having three distinctly different political regime, concluded that the weaknesses of Indian political organizations is also an important reasons for the failure to alleviate rural poverty. It has been generally argued in India that state development expenditure is the most significant variable to reduce poverty both over the time and across the space by increasing average income and improving income distribution (Sen, 1996). Now based on the above argument it might be expected that the variations in the political regimes across the states do have some influence on the poverty reductions. Now there are several other researchers who oppose this it has been argued that the difference in political ideology seems to make little or no different to performance of poverty reduction among the states rather the variation in the performance of the states was due to the difference in initial and contextual condition by pace and composition of economic growth (Vyas and Bhargava, 1995). There are researchers who argued that the political competitiveness played a significant role in poverty reduction (Bardhan and Mookherjee, 2004).

The above researchers mainly tried to link the political situation with the poverty and tried to access whether variations in the political regimes across the states do have some influence on the poverty reductions. In this paper an attempt has been made to extend that analysis to the poverty of the different socially marginalized groups i.e. an attempted has been made to access whether variations in the political regimes across the states do have different impact on the poverty reduction among the different social groups viz SCs, STs and others and whether the rate of reduction over the time varies among the different social groups with varying political regimes.

Methodology:

NSSO consumption expenditure survey provides individual and household level for different states and union territories. Now it is noteworthy that unlike LIS, NSSO's samples household or individual are random over the time periods which means that household selected as a sample in NSSO for a given round not necessarily would be selected in the next or previous rounds i.e. non longitudinal at unit level.

An attempt has been made to analyze five quinquennial survey of NSSO consumption expenditure say 43rd, 50th, 55th, 61st and 66th. Then major sixteen states have selected and the sample of urban households has been excluded in this analysis. ***

The dependent variable is poverty. The concept of poverty used here is absolute in nature. The period of study (1987-88 to 2011-12) is witness of three different Expert Committee Reports, namely Ladkawala Committee Report (1993), Tendulkar Committee Report (2009) and Rangarajan Committee Report(2011), regarding the fixation of rural poverty line. Furthermore no single committee reports, among the above mentioned three, did not recommended the poverty lines for the entire period of my study. The poverty line recommended by Ladkawala Committee have been used in this analysis since it is available for all the round except the 66th round of NSSO. Furthermore the updated poverty line of Ladkawala committee available in Panagariya (2011). An household would be defined as poor(=1; non-poor=0) if the MPCE of that household is below the poverty line of the given state and for a given time period.

The analysis incorporate several demographic variables at household level – land holding of a household have been taken as continuous variable and social groups (ST, SC, OTHERS) and education level (Literate, Primary, Middle and Secondary and above) has been taken as binary variables.

State Level Variables:

To identify the political context of the different states first the political parties in India have classified in three different class – Left Parties, includes CPI, CPM, RSP, Forward Bloc etc; Right wing National Political Parties, includes Congress and BJP; and the Others, includes all except Congress, BJP and the Left parties. The percentage share of MLA of all the above mentioned three distinct political groups has been calculated for each of the sixteen states. Then an attempt has been made to classify the state for a given time as Left, Right or others based on the majority of the percentage share of MLA.

Logit Model:

Since the data is not longitudinal at the household level so a binomial Logit regression model is an appropriate technique to see the probability for a household to remain poor. The households are classified as either poor or non poor based on their per capita expenditures. Predictor variables are a set of demographic and socioeconomic characteristics of the households along with the state level variables.

The basic form of logit function is

$$P = \frac{e^Z}{1 + e^Z} \quad (1)$$

Where Z is the predictor variable and e is the natural logarithm. The alternative form of this equation can be written as

$$P = \frac{e^Z}{1 + e^Z} \quad (2)$$

Now when Z becomes infinitely negative, P approaches to zero and when Z become infinitely positive, P approaches to unity. Now following the equation (2) it can be written that

$$\frac{P}{1-P} = e^Z$$

Now taking log both side, it will be found that

$$\log \frac{P}{1-P} = Z$$

Here the $\frac{P}{1-P}$ is called the odd and the log is called logit of P

The model we estimate is a binary logistic regression, where the probability of being at risk of poverty is explained.

Model-1

$$\log = \alpha + \beta_1 * \text{landholding} + \beta_2 * \text{education} + \beta_3 * \text{socialgroup} * \text{nssround} + e$$

where

α – constant

β_i - coefficient of the predictor variables

landholding – the size of land occupied by the household. This variable is continuous

education – this is categorical in nature it comprises Literate, Primary, Middle and Secondary & above (ref))

socialgroup – this is categorical in nature, comprises ST, SC and Others

nssround - this is categorical in nature, comprises the quinquial NSSO round viz 43rd, 50th, 55th, 61st and 66th.

Now interacting the two categorical variable namely socialgroup and nssround a new categorical variable has been created **socialgroup*nssround** having 15 (3x5) arrangement and out of the 15 arrangement OTH*66th have been taken as reference.

Model-2

$$\log = \textcircled{C} + \Omega_1 * \text{landholding} + \Omega_2 * \text{education} + \Omega_3 * \text{politics*nssround} + e$$

© = constant

Ω_i - coefficient of the predictor variables

Politics – a categorical variable comprises Left, Right and Other

Now the categorical variable Politics have been interacted with the nssround and a new categorical variable has been created **nssround*politics** having 15 (3x5) arrangement and out of the 15 arrangement 66th *Other have been taken as reference.

Model-3

$$\log = \mu + \epsilon_1 * \text{landholding} + \epsilon_2 * \text{education} + \epsilon_3 * \text{nssround*politics*socialgroup} + e$$

where

μ – constant

ϵ_i - coefficient of the predictor variables

Now interacting the three categorical variable **politics, socialgroup, nssround** a new categorical variable, **nssround*politics*socialgroup** has been created having 45 (3x15) and out of the 45 arrangements OTH*other*66th have been taken as reference¹.

1 OTH – social group excluding SC, ST; Other – Political group excluding Left, Right

Analysis:

Let us now examine the variable of interest. In model-1, it has been found that the landholding do have a negative impact on the risk of poverty. The odds of being poor decreases by almost 19% (1- 0.812) for an increase in one acre of landholding of a household.

Table:1 Odds ratio of the Predictor Variables

	Model-1		Model-2		Model-3	
	Odds Ratio	z value			Odds Ratio	z value
Landholding	0.812817	.	0.827139		0.838447	.
Illiterate	3.463176	.	4.233488		3.610565	.
Literate	2.476698	.	2.805273		2.600659	.
Primary	1.975517	.	2.192195		2.090037	.
Middle	1.703027	9388.74	1.793938		1.757134	9894.6
Secondary&above	Ref		Ref		Ref	
43*ST	4.777795	4362.84				
43*SC	3.266848	3324				
43*OTH	2.144357	2153.06				
50*ST	3.334592	3362.92				
50*SC	2.707768	2800.01				
50*OTH	1.657069	1425.18				
55*ST	3.628182	3632.23				
55*SC	2.2032	2227.79				
55*OTH	1.267083	669.23				
61*ST	5.140652	2229.14				
61*SC	1.725108	1005.16				
61*OTH	1.029328	62.98				
66*ST	2.658781	1200.78				
66*SC	1.339364	496.15				
66*OTH	ref					
43*Left			2.158256	2104.73		
43*Right			1.585839	1281.19		
43*OTHER			1.276406	677.28		
50* Left			1.430931	980.55		
50* Right			0.822148	-543.38		
50* OTHER			1.539541	1198.79		

55* Left			1.029427	80.04		
55* Right			0.708808	-957.73		
55* OTHER			1.224703	564.33		
61* Left			0.811692	-277.98		
61* Right			0.738861	-526.82		
61* OTHER			0.84615	-371.07		
66* Left			0.458201	-934.99		
66* Right			0.517464	-1131.2		
66* OTHER			Ref			
43*Left*ST					3.343427	2305.22
43*Left*SC					3.21356	2395.16
43*Left*OTH					2.199341	1642.83
43*Right*ST					3.704665	2746.31
43*Right*SC					2.324193	1774.1
43*Right*OTH					1.505038	865.21
43*OTHER*ST					2.40721	1810.16
43*OTHER*SC					2.009196	1464.73
43*OTHER*OTH					1.34105	620.65
50*Left*ST					3.158144	2225.59
50*Left*SC					1.969733	1397.09
50*Left*OTH					1.379998	670
50*Right*ST					1.872496	1313.85
50*Right*SC					1.131278	258.71
50*Right*OTH					0.774159	-540.82
50*OTHER*ST					2.999074	2282.36
50*OTHER*SC					2.64596	2050.79
50*OTHER*OTH					1.496604	853.38
55*Left*ST					2.84515	2114.96
55*Left*SC					1.261494	483.33
55*Left*OTH					1.026657	55.31
55*Right*ST					2.013289	1479.64
55*Right*SC					0.949298	-109.73
55*Right*OTH					0.590195	1117.32
55*OTHER*ST					3.478607	2629.32
55*OTHER*SC					2.095896	1565.61
55*OTHER*OTH					1.131626	262.23
61*Left*ST					2.034073	345.48
61*Left*SC					0.933292	-52.72
61*Left*OTH					0.848447	-168.52
61*Right*ST					2.990534	1026.7
61*Right*SC					1.106269	96.11

61*Right*OTH					0.540816	-775.62
61*OTHER*ST					4.230543	1364.11
61*OTHER*SC					1.269145	349.51
61*OTHER*OTH					0.756272	-472.42
66*Left*ST					0.701194	-135.07
66*Left*SC					0.636212	-310.27
66*Left*OTH					0.479578	-687.94
66*Right*ST					1.598655	455.07
66*Right*SC					0.553045	-566.5
66*Right*OTH					0.452293	-981.44
66*OTHER*ST					3.39053	810.37
66*OTHER*SC					1.334665	376.09
66*OTHER*OTH					ref	

Further it states that higher level of education do have a negative impact on the risk of poverty as the odds of poverty increase by 3.46 for the illiterate household relative to the household having education level secondary and above. In fact more we move to the higher level of education from literate to primary to middle and so on the odds of poverty progressively reduced. Now looking at the situation of different social groups , an attempt has been made to access the odds of poverty among the social groups taking OTH*66th as reference, it has been found that odds of poverty among the ST in 43rd round was 4.78 times more than that of the OTH (social group) in 66th round of NSSO. The odds among the ST reached maximum in 61st round of NSSO. The odds of poverty were 3.27 times more for SC and 2.14 times more for OTH in round 43rd than that of the OTH (social group) in 66th round of NSSO. The trends of odds of poverty for SC, ST and OTH have been plotted in the figure-1 and the differences of odds between SC/OTH, ST/OTH and SC/ ST has been sketched in figure-2. It has been found that the odds of poverty for OTH and SC steadily declining over the time period. Not only so, the rate of declining odds for SC is more than that of OTH hence the gap of odds between OTH and SC are narrowing down over the periods.

Figure-1

Figure- 2.

Now for the ST the trend of odds of poverty is taking a zigzag form but comparing two terminal periods it can be stated that the odds of poverty decline for ST. Similar pattern has been found for the trend of gap in odds between ST/SC and ST/OTH

Now analyzing the Model-2, where a new categorical variable politics had been introduced to access the impact on the odds of poverty due to variability in political affiliation of the state over the time. It has been found that at initial stage i.e. 43rd round of NSSO, the the household residing in Left ruled state were most prone to poverty relative to the household residing in Right or Other ruled state as odds of poverty in 43rd round of NSSO in the Left ruled state was 2.15. In the same time household residing in the Other ruled state were least prone to the poverty having 1.28 odds of poverty. The recent scenario changed significantly relative to the initial stage. In the 66th round of NSSO it has been found that odds of poverty is least (0.45) in the Left ruled state which indicates that the households resided in the Left ruled state are less prone to poverty relative to other and Right. Looking at the trend (as shown in Fig-3), it has been found that the odds reduced steadily and significantly in the Left ruled states whereas in the OTHER ruled states odds taking a zigzag form. Thus in spite of having the highest odds of poverty at the starting level the Left rules states ends with a lowest odds of poverty.

Figure-3

Now analyzing the Model-3, where an interacted categorical variable **nssround*politics*socialgroup** had been introduced to access the impact on the odds of poverty due among the different social groups due to variability in political affiliation of the state over the time.

Figure-4a Odds of Poverty among different Social Group in Left Ruled States

Now as shown in the Figure-4a the odds of poverty among the different social groups in Left states decrease steadily. Further the differences of odds of poverty between the groups are also decreasing steadily over the time. Whereas, as shown in Fig-4b, the states ruled by the Right, are experiencing ups and down in the odds among the ST and declining odds among the SCs and OTHs. The states ruled by Other are witness of very disappointing situation as

Figure-4b Odds of Poverty among different Social Group in Right Ruled States

Figure-4c Odds of Poverty among different Social Group in Other Ruled States

The odds among ST were increasing over the time (although in recent period there is a declining phase) and the odds among OTH and SC have taken a zigzag trend. Thus looking at the trends of odds among the different social groups it can be said that the states ruled by left performed better compare the Right and Other. Further as it has been shown in fig- 5a, 5b and 5c, the odds among ST are lowest in the Left ruled states at the recent time. The odds of poverty among SC and OTH are almost same in Left and Right states although at the

Figure-5a Odds of Poverty among ST having Different Politically Affiliated States

Figure-5b Odds of Poverty among SC having Different Politically Affiliated States

Figure-5c Odds of Poverty among OTH having Different Politically Affiliated States

starting point for both the social groups the odds were quite low in Right dominated states compare to that of Left. Hence it can be said that the Left states perform even better for the SC and OTH in terms of the rate of decline in the odds of poverty.

Figure-6a Difference in the Odds among the ST and OTH having Different Politically Affiliated States

Figure-6a Difference in the Odds among the SC and OTH having Different Politically Affiliated States

Figure-6a Difference in the Odds among the ST and SC having Different Politically Affiliated States

The fig-6a, 6b, 6c presents the difference in the Odds among the ST and SC having Different Politically Affiliated States. The declining in the difference in odds indicates the converging situation between the social groups and increasing in the difference in odds signifies a diverging situation between the social groups. Here it has been found that the convergence between the social groups are most in Left states relative to Right and Other.

Conclusions:

Education level, land holding have a significant impact on poverty at household level as the odds of poverty reduced with increase in landholding and education status. Further the categorical variable, social group became an important determinant of poverty as odds are significantly different among the different social groups. Now there is a positive side that over the years the gap of odds declining at least between SC and OTH which is a symptom of decreasing social disparity. The rate of decline in odds is better among the SCs and not that much impressive for STs which indicates SCs became more benefitted in this prevailing social system relative to STs.

Now as the debate was that whether the political affiliation does play any significant role in poverty reduction. This analysis found that the political affiliation is a significant determinant of poverty and it has been found that the odds of poverty decline most in the Left ruled states. Further the performance of the left ruled states are impressive in terms of steady decline in odds among all the social groups and between all the social groups over the time compare to Right and Other ruled states.

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NSSO Consumption Expenditure Data:

38th round

43rd Round

50th Round

55th Round

61st Round

66th Round

68th Round